

US Secretary of State presses India and Pakistan to abandon Iranian gas pipeline

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During her first trip to South Asia as US secretary of state in mid-March, one of Condoleezza Rice's top priorities was to pressure India and Pakistan to abandon plans for a major gas pipeline from Iran. While the project promises significant benefits for both countries, it cuts across the Bush administration's aggressive campaign of economic isolation and military threats against Tehran.

Rice's visit to the two American allies was of course cordial. At a joint press conference, Indian Foreign Minister Kunwar Natwar Singh praised Rice for her political vision and spoke of the potential for US-India relations to "shape our global future to our mutual advantage". Rice responded in kind, declaring that the US and India not only had regional, but increasingly global responsibilities. The use of the term "global" acknowledged the ambitions of India's ruling elites for a greater role in international affairs.

Behind the scenes, one imagines the exchanges were somewhat blunter. In preparation for the visit, the US ambassador in New Delhi, David Mulford, met with Indian petroleum minister, Mani Shankar Aiyar to express US "concern" over the pipeline project. He hinted that India could face US economic retaliation under the 1996 Iran-Libya Sanctions Act, which provides for sanctions on countries investing more than \$US20 million in Iran's energy sector.

While in India, Rice emphasised that the US has "communicated to the Indian government [its] concern about gas pipeline cooperation between Iran and India." She told the Indian-based *rediff.com* web site: "We have certain issues with Iran because that country is involved in terrorism, has been interfering in the affairs of its neighbours and is also facing UN sanctions. So we not only expressed our concerns to India but also told Japan to stop [a] gas project with Iran."

Significantly, Rice played down Washington's chief accusation against Iran: namely that it is developing nuclear weapons. The double standards are all too obvious: while the Bush administration is demanding UN sanctions against Tehran over unproven allegations that it is seeking a nuclear bomb, the US has eased economic restrictions on India, which has produced and tested a nuclear device.

In fact, Rice held out the possibility that the US might lift the ban on nuclear cooperation with India imposed in 1974 if New Delhi abandoned the Iranian gas pipeline project. US president George Bush announced a year ago that Washington would consider assisting India in constructing nuclear power plants. "[We] believe broad energy dialogue should be launched with India because the needs are there," Rice declared.

The US secretary of state said Washington would take the next step in developing the Indo-US strategic partnership, which includes providing nuclear reactors for civilian purposes, defence and

economic ties. She also held out the prospect that the US would sell sophisticated F-16 fighters to India, as well as to Pakistan.

Washington's opposition to the Iranian pipeline poses a political dilemma for New Delhi. While close military and economic relations with the US bring benefits, the Bush administration's demand cuts directly across India's relations with Iran and more broadly its own ambitions in the Middle East and Central Asia. India currently must import 70 percent of its oil, and the figure is projected to rise.

The US stance also undermines a key economic motivation behind Indo-Pakistan talks to resolve longstanding conflicts between the two countries. Negotiations are stalled at present, but both New Delhi and Islamabad are looking to the potentially large economic rewards that a gas pipeline from Iran through Pakistan to India would bring. While Washington has pressed for the talks, its bellicose policy towards Iran is directly undermining the prospects for a negotiated settlement on the Indian subcontinent.

Publicly, India rebuffed the US demand. Standing alongside Rice at their joint press conference, Indian foreign minister Singh pointedly remarked: "We have no problems of any kind with Iran. We need a lot of new additions to our sources of energy, and so the pipeline is important."

US pressure is, however, having an impact. An article on the *Asia Times* web site suggested that India is considering backing out of the pipeline deal, citing "a number of reasons for the shift, such as the high price of Iranian gas and the endemic security problem of laying the pipe through less-than-reliable Pakistan, among others."

Washington's stance also provoked opposition among layers of India's ruling elite, who are concerned not just about the pipeline, but the dangers of a close alliance with the US and the Bush administration in particular. The *Hindu* bluntly declared that India and Iran "do not need the benediction of the US to do business with each other."

India's oil minister Mani Shankar Aiyar told the media: "[T]his relationship [with Iran] can't be compromised for any third party concern.... [A]ll friendly countries in the world must recognise that even if they have national concerns, we have a very important requirement of energy without which we cannot hope to sustain priorities."

The *Times of India* cautiously noted that the "Iran pipeline represents a diametrically opposite path to US foreign policy.... [I]f Mani Shankar Aiyar's plans come to fruition, then the pipeline grid could eventually stretch from the Caspian Sea to China. That is unlikely to enthuse the Bush administration, which wants to play a dominant role in the region."

Last month Aiyar floated the idea of an ambitious Asian gas grid

linking suppliers in the Middle East with Asian gas users, including China and Korea. India's Oil and Natural Gas Corporation has already invested around \$5 billion over the past four years in a number of countries, including Russia, Iran, Vietnam and Burma. Earlier this month the Indian cabinet discussed bringing gas not only from Iran, but Turkmenistan and Burma as well.

In tandem with developing economic cooperation, New Delhi is exploring closer strategic relations with China and Russia in particular. Speaking in Moscow last year, Aiyar praised India's relations with the former Soviet Union. "In the first half century of independence," he declared, "Russia has guaranteed our territorial integrity and in the second half it may be able to guarantee our energy security."

Visiting India in December, Russian president Vladimir Putin called for close collaboration between the two nations and China, not only on economic, but defence issues. Putin declared that the three countries "would make a great contribution to global security." Chinese prime minister Wen Jiabo is due to visit India in April. India is collaborating with China in the development of Iran's largest off shore oil field, Yadavaran, as well the Juifer oilfield.

The US demand to abandon the Iranian pipeline carries an implied threat to India's other relations. The prospect of a developing economic and strategic bloc between India, Russia and China is anathema to the Bush administration, which is determined to establish its own stranglehold over the strategic, resource-rich regions of the Middle East and Central Asia. Rice's attempts to forge closer ties with India are not just aimed at Iran, but against any opposition to US interests—from China in particular.

Rice spelt out the same message in Islamabad. "[A]ny move to strengthen Iran, by trade or otherwise, would be frowned on by the United States," she told the media. The abandonment of the gas pipeline would, however, be a major economic blow to Pakistan. Annual transit fees from the "peace pipeline", amounting to an estimated \$200-300 million, would be a significant financial boost.

Rice also reiterated US demands that Pakistan divulge the information concerning the dealings of nuclear scientist A.Q. Khan who was involved in selling nuclear technology to a number of countries, including Iran. Washington is clearly hoping that details of Khan's activities will strengthen its flimsy case against Iran.

Pakistan has fewer options than India. In the wake of the September 2001 attacks on the US, President Pervez Musharraf threw his lot in with the Bush administration, abandoned the Taliban regime in Afghanistan and directly assisted the US-led military intervention into that country. While he received financial and other payoffs in return, his overt support for US aggression provoked considerable opposition within the country.

Rice sought to dispel nervousness in the Pakistani elite that US may simply abandon the country once there is no pressing geo-political need. "The US will be a friend for life," she said. "We understand that at one time in our history we did not maintain and continue deep relations with Pakistan, after having shared strategic interests during the Cold War. I believe that we paid a price for that in the US and Pakistan also paid a price for that, so, we remain and will remain committed to this long-term relationship."

However, there is every reason for the concerns in Islamabad. Washington is clearly pressing for Pakistan's political and possibly military assistance against Iran. A recent article in the *New Yorker* by veteran journalist Seymour Hersh provided details of US military preparations against Iran, including covert operations inside the

country. While Pakistan has refused to hand over Khan to US interrogators, one of Hersh's sources explained that a Pentagon task force operating in South Asia was given access to members of Khan's team involved in dealings with Iran. Pakistan has of course denied the claims.

Musharraf indicated recently that, in the event of a war between the US and Iran, Pakistan would remain neutral. The declaration represents a shift from Islamabad's formal stance on the US-led invasion of Iraq, when Pakistan joined the chorus of muted criticisms about the legality of the war. Musharraf is obviously under continuous US pressure to do more in its so-called war on terror—any refusal risks Washington's displeasure and potentially disastrous economic and political consequences.

In a clear pay-off to Musharraf, the Bush administration last Friday announced the sale of F-16 fighters aircraft to Pakistan, which has been keen to upgrade its fleet. The warplanes are crucial to Pakistan's ability to deliver a nuclear strike and for that reason New Delhi has opposed the sale. In an effort to appear even-handed, Washington also held out the prospect that India would be allowed to buy F-16s and F-18s or build them under licence. Unlike the Pakistani purchase, however, the deal with India is far from certain.

With an air of triumph, Islamabad declared that there were no strings attached to the F-16 purchase. In particular, it was not conditional on abandoning the Iranian gas pipeline. But Pakistan obviously had a price to pay—including greater cooperation with US intrigues against Iran. Immediately prior to Washington's announcement, Musharraf told the Aaj TV channel that Pakistan was considering sending parts of its nuclear centrifuges to the International Atomic Energy Agency (IAEA) for examination—a move designed to help the US case against Iran.

New Delhi was clearly angry at the US decision. Prime minister Manmohan Singh expressed "great disappointment" to Bush and said the move "could have negative consequences for India's security environment." The decision provoked criticism in sections of the media which accused the US of ignoring India. Defence analyst, Brigadier Gurmit Kanwal, warned that "[T]he US should be more appropriate in keeping India's sensibilities in mind."

The arms sale, which strengthens Pakistan's military position, will only further undermine an already tenuous peace process between the two countries. More fundamentally, it underscores the fact that the Bush administration's reckless militarism in Afghanistan and Iraq, and now its aggressive posturing against Iran, is a profoundly destabilising factor on the Indian subcontinent.



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